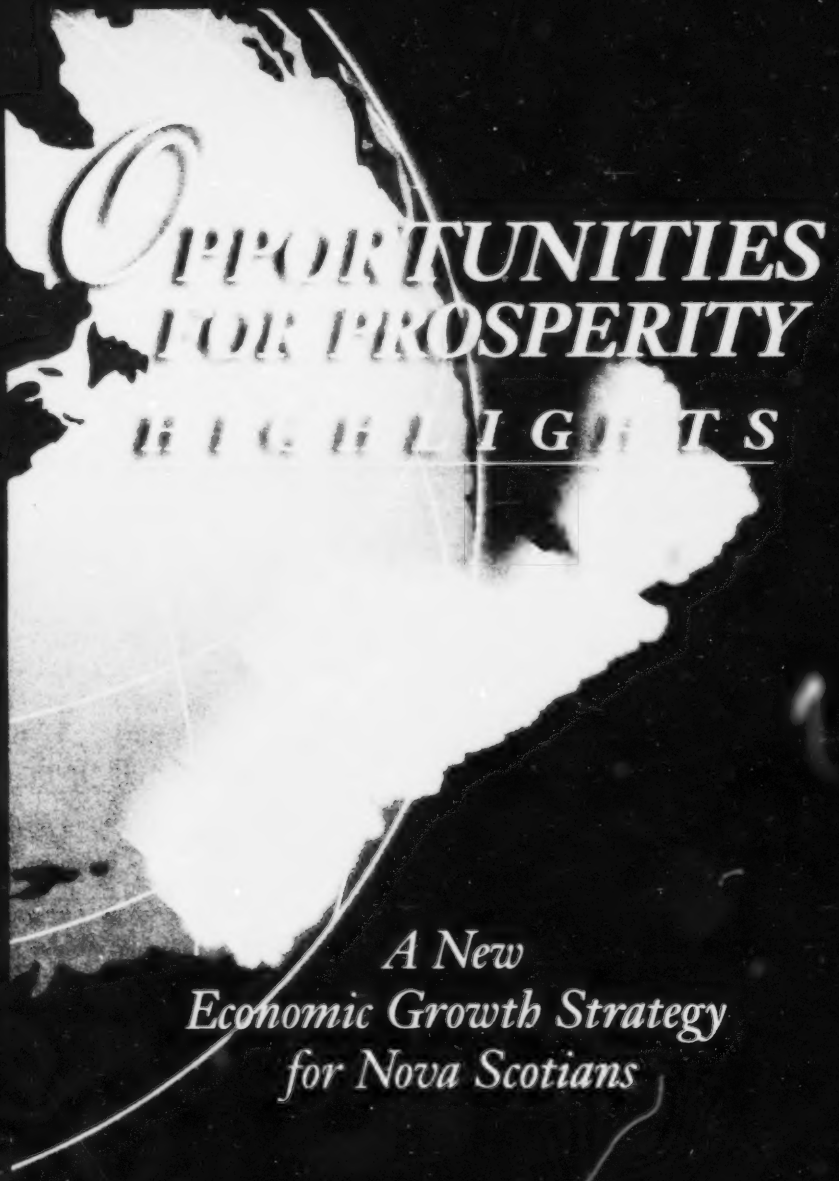

# OPPORTUNITIES FOR PROSPERITY

## HIGHLIGHTS

*A New Economic Growth Strategy for Nova Scotians*

NOVA SCOTIA

# INTRODUCTION

*Opportunities for Prosperity* is a new economic growth strategy for Nova Scotians. In it, the government of Nova Scotia charts key directions in areas that can produce the best long-term return for the province. It is not a detailed business plan; it is, instead, a framework for action. It is also a framework that stresses consistency and sustained relevance in our economic development activities in the years ahead.

The strategy reflects extensive consultations during the spring and summer of 2000 following release of a discussion paper by Nova Scotia Economic Development. In more than 100 meetings across the province, Nova Scotians discussed what it would take to make our province a better place to live and work. Others responded through the government website and by mail.

Their ideas and feedback inspired many aspects of the document. The strategy was also shaped and strengthened by research into the various elements that make for a strong Nova Scotian economy. More information on some of these elements and a full electronic version of *Opportunities for Prosperity* are available on the Internet at www.gov.ns.ca/ecor/strategy/ .

October 2000

# *What We Heard*

Many people said our approach to economic growth must be transparent, fiscally and socially responsible, economically, socially, and environmentally sustainable, consistent, inclusive, and equitable. They also suggested government respect several key principles:

- **Collaboration.** Government must work with businesses to smooth the way for their development. It must work with communities, citizens, and labour to ensure their participation. It must work with other governments to ensure a supportive climate for business and a regulatory level appropriate for the public good.
- **Market focus.** Government must accept the need to be attentive to the external pressures that shape Nova Scotia's small economy. We need to do what an earlier generation of Nova Scotians did: seek to know and exploit the opportunities all around us.
- **Clustering.** Nova Scotia has built significant, sustainable clusters in fisheries and food processing, tourism, wood products, and other "foundation" industries. We need to be better at building and expanding clusters, not only in these foundation industries, but in emerging industries like gas and oil and life sciences.
- **Accountability.** Reporting clearly and honestly to the people of the province on what government sets out to do and how it is doing is crucial to restoring faith in government's role in economic growth.

# *Where We Want To Go*

**Our vision is of a thriving Nova Scotia that by 2010 is the best place in Canada to live, work, do business and raise families.**

How will we know we have arrived at this place? We will know when balanced budgets are annual habits; when our debt is manageable and considerably fewer of our hard-earned dollars are needed to pay debt interest; when employment levels are the highest in memory; when investment, exports, and GDP growth levels are above the national average.

We will know we have arrived when fewer of our young people leave, and when others join them here, because the career opportunities are in Nova Scotia. We will have arrived when our economic activity, carried out in a socially and environmentally sustainable manner, generates the necessary public revenues to maintain the strong health, education, and social systems that Nova Scotians expect.

# How We Will Get There

To move toward our destination, we must take co-ordinated action in seven strategic directions. These directions will be the tools to build vital economic sectors—both our foundation industries and new growth opportunities. When appropriate, government will lead; at other times, it will be a partner.

## Strategic Directions

*Opportunities for Prosperity* outlines actions and next steps for the issues identified within each strategic direction:

- **Business climate.** Make it easier for business to start and grow, creating income and jobs.
  Issues: deficit and debt, taxes, regulations, entrepreneurship, and aboriginal and treaty rights
- **Infrastructure.** Put in place the strategic infrastructure for economic development.
  Issues: transport (highways, ports, harbours, airports), municipal infrastructure, IT and communications, social infrastructure, and environment
- **Innovation.** Strengthen the innovation system in Nova Scotia.
  Issues: federal investment, technology adoption, R&D, commercialization, and demonstration projects
- **Labour force.** Ensure the labour force is able to take advantage of opportunities.
  Issues: matching employment opportunities and training, youth, immigration, barriers/inclusion, and employer skills
- **Investment.** Increase investment, both local and external.
  Issues: public education, investment framework, cluster development, marketing Nova Scotia, federal/provincial co-operation, internal investment, and business retention and expansion

- **Exports.** Actively encourage Nova Scotian exports.
  Issues: export promotion, trade missions, broadened trade focus, market intelligence, key sectors, export readiness, and Brand Nova Scotia
- **Regional capacity.** Support regions as they take charge of their own futures.
  Issues: policy framework, planning, opportunity identification, community capacity, regional development agencies, and communities of interest

## Vital Economic Sectors

The seven strategic directions will affect all sectors that contribute to and help build Nova Scotia's economy, but to focus our efforts and maximize benefits, they will have particular application for the vital economic sectors identified as:

- **Foundation Industries**

  *Ocean resources*, sectors that offer lessons for successful clustering

  *Land resources*, providing major economic value, especially in rural areas

  *Agriculture*, an increasingly diversified technology-based industry

  *Tourism and culture*, sectors with job-growth potential for all regions

- **Growth Opportunities**

  *The digital economy*, an enabling sector for all Nova Scotia business

  *Energy*, one of the most pivotal industrial developments in our history

  *Advanced manufacturing*, prized for high wages and significant spinoffs

  *Learning industry*, a knowledge-economy and exportable resource

  *Life sciences*, a young sector with growth potential in the global market

# *Making It Happen*

The messages government received during the consultations and the lessons learned from other jurisdictions indicate that government must take a fresh approach to supporting economic activity. Clearly defined mechanisms that consistently support the thinking and work behind the elements of the strategy must be put in place.

Nova Scotia Economic Development, the current provincial department, will be replaced by two organizations, outlined below. The organizing principles for the new structure will be to create smaller, more efficient operations within a strong accountability framework that has focused mandates and outcome measures.

- **Nova Scotia Business Inc.** The private sector-led corporation will stimulate economic development opportunities throughout Nova Scotia. It will manage and co-ordinate the province's front-line business development functions.

  Core business lines will include investment attraction and business retention and expansion. It will use such tools and initiatives as trade development; marketing and information management; competitive intelligence and information development; and lending, venture capital, and performance-based incentives.

  It will have a private-sector board made up mainly of business leaders; the chairperson will be from the private sector and the board will hire the corporation's CEO. It will produce a five-year strategic plan and present an annual business plan to government.

- **Nova Scotia Economic Development Agency.** The agency will manage government activities in support of economic development. It will have a strong policy and co-ordination role.

  Core business lines of the agency will include: knowledge management; special projects and liaison with communities in economic transition; business climate; changing labour force demand; strategic infrastructure projects; government relations regarding economic development issues; and the maximizing of industrial benefits relating to major procurement projects.

Partnership between the corporation and the agency will be important. Also crucial will be partnerships involving the federal government, municipal governments, other provincial departments, businesses, labour groups, regional development authorities, and community organizations involved in economic activities.

The government believes the strategic directions outlined in *Opportunities for Prosperity* point to a more prosperous Nova Scotia. As the work evolves, its stewardship of and commitment toward this approach will be demonstrated in annual report cards compiled by an outside agency.

Over the next year, government will develop detailed plans for the actions outlined in the strategy. The following will serve as a guide:

| | |
|---|---|
| **Fall** | Launch of economic growth strategy |
| | Made in Nova Scotia Investment Framework |
| | Start of restructuring of economic development functions |
| | Cape Breton Growth Fund |
| **Winter** | Gas and oil economic development strategy |
| | Report of the Red Tape Commissioner |
| | Comprehensive community economic development policy |
| | Business climate index |
| **Spring** | Brand Nova Scotia campaign |
| | Nova Scotia trade plan |
| | Business retention and expansion plan |
| | Provincial infrastructure scorecard |
| **Summer** | Nova Scotia immigration action plan |
| | State of business report |
| | First annual strategy report card |

# *Measuring Progress*

The progress of economic development work is measured at several levels. It is no different for a provincial strategy. However, citizens will judge progress by looking at overall indicators, which the strategy sets out as:

- a balanced budget by 2002–03
- an increase in provincial employment levels by 20,000 by 2005
- investment per person above the national average by 2005
- export expansion by $2 billion, or about 40 per cent, between 1999 and 2005; and exports per person above the national average by 2010
- provincial GDP growth above the national average over the next 10 years
- consistent net in-migration through to 2010

The release of *Opportunities for Prosperity* marks a new era for economic development in Nova Scotia. Government will support economic growth in new ways over the next few years. The strategy recognizes that the effort will evolve as the economy changes. *Opportunities for Prosperity* is an important start, but it is not the final word. There is more to come.

Copies of *Opportunities for Prosperity* can be obtained by phoning Government Publications at 902-424-7580 or 1-800-526-6575. The document is also available on the Internet at www.gov.ns.ca/ecor/strategy/ .

Our vision is of a thriving
Nova Scotia that by 2010
is the best place in Canada
to live, work, do business
and raise families.

# *OPPORTUNITIES FOR PROSPERITY*

*A New*
*Economic Growth Strategy*
*for Nova Scotians*

NOVA SCOTIA

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This document is available on the Internet at
http://www.gov.ns.ca/ecor/strategy/

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# PREMIER'S MESSAGE

Today Nova Scotians face some of the most challenging economic times in our history—and potentially some of the most rewarding. Rarely, if ever, have we as a people been in the midst of so many promising economic opportunities, not only in new sectors such as gas and oil, but in our traditional strengths such as ocean-based industries. The goal of the government of Nova Scotia, and its commitment, is to ensure Nova Scotians today and in the future are able to make the most of these opportunities.

Little more than a year ago, we proposed in our agenda, *Strong Leadership ... A Clear Course*, significant change in our province. In particular, we resolved to identify priorities and develop co-operative strategies to achieve sustained economic growth.

This document, *Opportunities for Prosperity*, keeps that commitment. The pages that follow outline how our government will support the province's economic growth and how we will structure that support.

When our economy grows, people—families—have opportunities to prosper. Our children have opportunities to live and work here at home. And government has the revenue it needs to strengthen health care, education and the other public services Nova Scotians need and deserve.

To achieve and sustain growth, we all need to work together—government, business, labour, community groups and individual Nova Scotians. Together, we need to look outward, beyond our borders. The future is ours to seize. We can't wait for good things to happen. We must take an active, positive, and energetic approach and make good things happen. It is up to all of us—government, business, labour, communities, and individual citizens—to make the most of our opportunities.

John Hamm

John Hamm
Premier of Nova Scotia
October 2000

# MINISTER'S MESSAGE

This document, *Opportunities for Prosperity*, is the result of input from people across the province, across sectors, across governmental departments, and indeed, across governments—from hundreds of people who care deeply about the future of our province. As Nova Scotians, our hearts tell us that our province holds great promise.

Our responsibility, to ourselves and to our children, is to ensure that we make the most of that promise by planning wisely for the future and investing in Nova Scotians. This strategy represents our best efforts at achieving this. It is a living document, conceived as such in recognition of today's dynamic of change. It seeks to chart the best course for accelerated economic growth. Its purpose is to outline key directions in which targeted government actions can produce the best return for Nova Scotians.

The government, through the structures outlined in *The Course Ahead* and others described in this document, will work with business, other governments, and Nova Scotians to fill in the details and to make adjustments within our strategic directions to support sustainable economic growth. We will ensure as best as possible that our approaches support the economic aspirations of all our population and our communities. We will work closely on community issues with regional development agencies. Nova Scotia economic development organizations will provide leadership and partnership, whichever is most appropriate.

The time is right to keep the promise of our province. And we will do so, to considerable success, with our continued commitment and energy.

Gordon Balser
Minister of Economic Development
October 2000

101-01073/

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# Introduction

## Opportunities for Prosperity *is a new economic growth strategy for Nova Scotians that has been inspired by many of your ideas and feedback.*

We gathered in firehalls, church halls, and Legion halls; in classrooms, conference rooms, and corporate boardrooms. We came together as workers, educators, businesspeople, civil servants, community leaders; as representatives of the aerospace sector, of fisheries, forestry, mining, of tourism, of energy. We spoke as members of First Nations, as Acadians, as African Nova Scotians; we spoke as immigrants, as women, as men, as Nova Scotians.

In the spring of 2000, the government of Nova Scotia embarked on a consultative process aimed at developing a new economic growth strategy for our province. With the launch of a discussion paper titled *Toward Prosperity*, Nova Scotia Economic Development took the lead in meeting with people from a cross-section of our society and bringing together sister departments and other governmental players to help answer the questions put forward in the discussion document.

We gathered more than 100 times, from one end of the province to the other. And we all spoke of what it would take to make Nova Scotia a better place—the best place—in which to live and work, do business and raise families.

How do we make the best of the opportunities at hand, today and for generations to come? How do we ensure all Nova Scotians can claim some of the prosperity? How do we move ahead? Nova Scotia Economic Development asked these and many other questions of the people of our province. Several hundred took the time and effort to provide thoughtful, thought-provoking answers, and the government extends its thanks.

We each came to the table with our own interests, ideologies, and priorities, and inherent in this diversity are varied and conflicting viewpoints. But we all recognized the time has come to focus our commitment and energy on a best course of action if we are to arrive at a place that offers unmatched opportunities for prosperity to all Nova Scotians.

This document, *Opportunities for Prosperity*, is a new economic growth strategy for Nova Scotians that has been inspired by many of the ideas and feedback presented, including some received through the government website and by mail. The pages that follow offer a sense of what we heard, some of what we learned from research, a vision for Nova Scotia, an outline of seven strategic areas, an examination of our vital economic sectors, and a discussion of implementation and measurement.

Many of you spoke of the complexity of the economy and, by extension, the complexity of the work to strengthen that economy. It is not tidy work. It is not fast work, nor is it solitary work. Education, training, jobs, income, investment, infrastructure, technology, exports, business climate, and all of the many other elements that make up this notion of the economy—not one functions in isolation if we are to have a strong economy.

The government heeds this reality and has taken a strategic approach that attempts to connect these many elements. Many readers may feel that discussion of some elements is too concise in this document. For them, the government has employed the greater capacity of the Internet at **www.gov.ns.ca/ecor/strategy/** to link an electronic version of this document to more in-depth research and discussion papers.

***Opportunities for Prosperity* charts key directions in areas that can produce the best long-term return for our province. It is not intended as a detailed business plan with specific targets and tactics. Instead, its purpose is to function as a framework for action, a framework that stresses consistency and sustained relevance in our economic development activities in the years ahead.**

As mariners have for centuries set their best course across oceans fully recognizing that unpredictable winds, weather, and currents will inevitably cause them to adjust, so too does the Nova Scotia government present this document with the knowledge that we are navigating into a future full of change and the unforeseen. Through this strategy, we have charted the best course for our destination while anticipating the need to keep a watchful eye on economic and social conditions that will compel us to make adjustments to this course.

# *What We Heard*

*Our work must be transparent, fiscally and socially responsible, economically, socially and environmentally sustainable, consistent, inclusive, and equitable.*

Many participants at the consultation sessions spoke about how Nova Scotia should approach economic growth. Citizens said our work must be **transparent, fiscally and socially responsible, economically, socially and environmentally sustainable, consistent, inclusive,** and **equitable.**

People stressed the need for all governments to help communities take charge of their economic development. They recognized the limits on government resources but expressed a desire to be part of the decision making concerning use of those resources. They suggested government respect several key principles:

- **Collaboration.** Government alone cannot cause economic growth. Government must work closely with citizens to build the economy. It must work with businesses to smooth the way for their development and expansion. It must work with communities, citizen groups, and labour to ensure they participate in economic growth. The provincial government must work closely with the two other orders of government—federal and municipal—to ensure the public sector offers a supportive climate for business and a regulatory level appropriate for the public good.
- **Market focus.** Government must accept the need to be attentive to the external pressures that shape Nova Scotia's economy. We are a small economy, comprising less than 3 per cent of the Canadian economy. We need to do what an earlier generation of Nova Scotians did: seek to know and exploit the opportunities all around us.

- **Clustering.** Industry clusters are geographic concentrations of competing, complementary, and interdependent firms and industries that create wealth in regions through exports of their goods and services. Regions such as Boston and Silicon Valley have built vibrant industry clusters. Over the years, Nova Scotia has built significant and sustainable clusters in fisheries and food processing, tourism, wood products, and other "foundation" industries. We need to do better at building and expanding clusters, not only in these foundation industries, but in our emerging industries like gas and oil and life sciences.

- **Accountability.** Reporting clearly and honestly to the people of the province on what government sets out to do and how it is doing is crucial to restoring faith in its role in economic growth. Government intends to be open about how it works, making the Nova Scotian economic growth process as transparent as possible, laying out the policy framework for action, and describing how it is moving ahead.

People told us that only an approach based on the above principles has a chance of success.

# What We Learned

*To compete, Nova Scotians understand that we need a renewed world focus and a return to our place as a prominent trading region.*

Today, Nova Scotia finds itself at a time of unsurpassed opportunity and considerable challenge. The global economy is surging, driven by advances in technology and instant and inexpensive communications. Economic prosperity no longer depends on resource endowment or proximity to markets. Now, places with skilled workers, learning institutions, and companies tuned to the knowledge economy can lead in economic development. And one of those places could be Nova Scotia.

Our opportunities and challenges are clear. Skilled and capable people are the key resource of the knowledge-based economy. Nova Scotians have known for generations that education equals employment. As a result, Nova Scotia has one of the best-trained labour forces anywhere and benefits from top-notch universities, an innovative community college system, and leading private training organizations.

In addition, Nova Scotia is beginning to reap benefits from one of the world's great natural gas resources. While the gas is flowing, our challenge is to develop upstream and downstream industries related to exploration and production—those industries that supply the sector and those that add value to the resource.

Nova Scotia has also reduced dependence on the federal government. We have taken the deepest proportional cuts to federal government spending of any province and responded with the fastest rate of private-sector job growth in the late 1990s. We are rejecting insular attitudes that have kept us from measuring ourselves against the best. Our companies are recognizing that we are now part of a global market where aggressive firms differentiate themselves on the basis of cost, quality, and speed of delivery.

To compete, Nova Scotians understand that we need a renewed world focus and a return to our place as a prominent trading region. To this end, this strategy begins the task of identifying and dealing with challenges, marshalling our resources, and taking full advantage of the opportunities before us.

## PEOPLE

Demographics play an influential role in determining pressures on the Nova Scotian economy. Our population continues to increase, but at a slowing rate. Growth during the census period 1991 to 1996 totalled only 10,000 people—the slowest growth in half a century. Declining birth rates, net outmigration, and decreasing immigration have played roles in the slowing rate of population growth. *(See Figure 1, Population Changes, Nova Scotia, 1991–96)*

The implications of this trend are worrisome. In 25 years, there will be about 30,000 fewer people in the important 5-to-19 age group—important because this group comprises future workers. In addition, about 130,000 more Nova Scotians than today will be over 65 by the year 2025. Those leaving the province tend to be younger and well educated, while those arriving tend to be over 50 years of age.

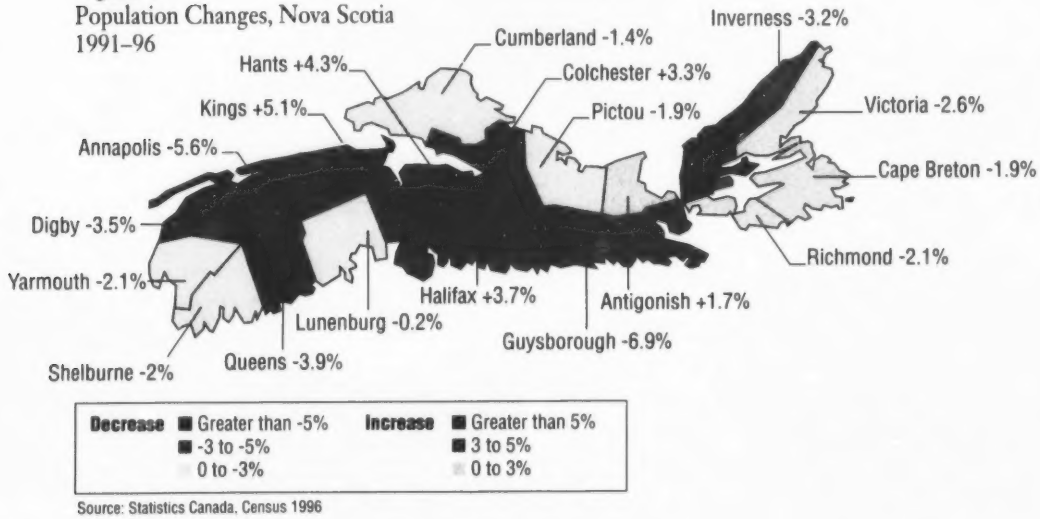
We already see declining enrolments in education, increasing costs in health care, and workforce shortages looming in key industries and construction trades.

## EDUCATION

Nova Scotia has one of the best-educated labour forces in all of Canada. Fifty-four per cent of workers have a post-secondary degree, diploma, or certificate, compared with the national average of 51 per cent. This has contributed to one of the best rates of job growth among provinces in the late 1990s. However, the promising job growth figures mask changes on the horizon.

Many new jobs being created require higher levels of skills than the jobs being lost. Nova Scotia will need to invest even more wisely in education and training to keep its workforce competitive. Nova Scotians will also require higher levels of literacy, including computer literacy, to be ready for the opportunities to come.

**Figure 1**
Population Changes, Nova Scotia
1991–96



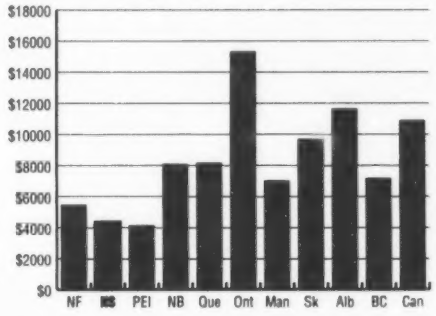

Source: Statistics Canada, Census 1996

## EXPORTS

We cannot make ourselves better off by selling to each other within the province. Exporting allows us to tap markets much larger than our own. Exports generate wealth and jobs. According to the Atlantic Provinces Economic Council, for every $68,000 increase in exports, another Nova Scotian goes to work.

However, in the mid-1990s, Nova Scotian exports were growing more slowly than those of most of the other provinces. In 1999, we had the second-lowest level of exports per person among the provinces. *(Figure 2, Exports per Person, 1999)*

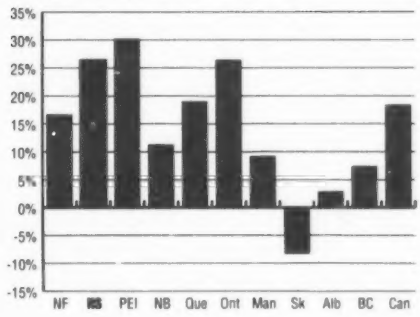
**Figure 2**
Exports per Person, 1999




Source: Statistics Canada

Our export picture may be improving. Nova Scotian growth in exports was among the fastest in the country in the late 1990s, capped by a 16 per cent increase in 1999. Business is adding more value to our resources. Service exports—customer service centres, consulting services, for example—are growing faster in Nova Scotia than in most other provinces. By mid-2000, natural gas had already registered as one of the province's top 10 exports. *(Figure 3, Change in Exports, 1997–99)*

**Figure 3**
Change in Exports, 1997–99




Source: Statistics Canada

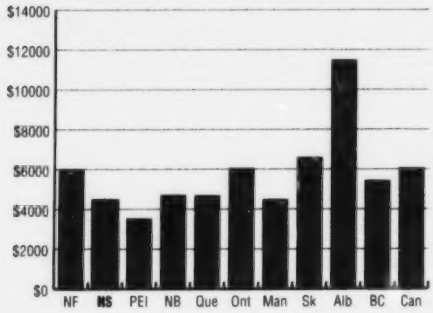
## INVESTMENT

Nova Scotia's economic performance in recent years relates directly to big investments in forestry, tire making, and natural gas production and distribution. Nova Scotia led all provinces in investment growth in the late 1990s. These investments play a big part in the province's current export boom.

But we have to do better. Nova Scotia currently has the second-lowest rate of investment per person in Canada. Nova Scotian companies need continued investment to compete in world markets. New investment boosts productivity and competitiveness. In today's dynamic environment, if companies are not investing in new technology that builds competitiveness, they are probably shrinking—in size, employment, and market share. Working with Nova Scotian companies to expand their investment in our province and put down deep roots is vital. *(Figure 4, Investment per Person Expected in 2000)*

Attracting new foreign investment is also important. Foreign-owned firms account for 75 per cent of Canadian manufacturing exports and 1 out of every 10 jobs directly. Also nationally, 89 per cent of foreign-owned firms conduct research and development, compared with 67 per cent of Canadian-owned firms. Multinationals bring new technology and new management approaches. Most regions covet so-called anchor companies that hire and train new graduates, strengthen important industrial clusters, and create supply opportunities for a host of service companies.

**Figure 4**
Investment per Person Expected in 2000




Source: Statistics Canada

## BUSINESS CLIMATE

Business climate is made up of many things: business and personal tax levels, quality of life, cost of living, for starters. Business taxes in Nova Scotia have been competitive. However, we are in danger of losing our place as other jurisdictions improve their fiscal situations. We would do well to pay closer attention to the Nova Scotian business climate. *(Figure 5, Comparative Tax Rates, April 2000)*

## FISCAL ISSUES

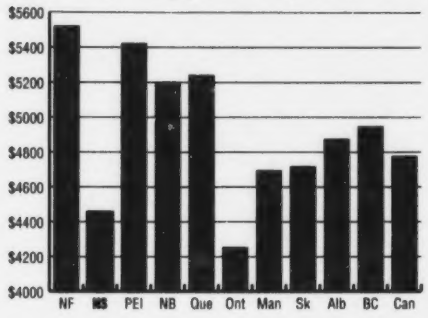
The problems that a large deficit represents are now familiar to Nova Scotians. High debt-servicing costs mean less money for important programs like health care and education. Out of necessity, cutting the deficit becomes a priority. However, it is widely recognized that governments cannot cut their way to prosperity. *(Figure 6, Program Spending per Person, 1999)*

**Figure 5**
Comparative Tax Rates, April 2000

| | NF | NS | PEI | NB | Que | Ont | Man | Sk | Alb | BC | Can |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Corporation Income Tax (%)** | | | | | | | | | | | |
| • Manufacturing and Processing | 5.0 | 7.5 | 16.0 | 17.0 | 8.9 | 13.5 | 17.0 | 10.0 | 14.5 | 16.5 | 21.0 |
| • Small Business | 5.0 | 7.5 | 5.0 | 4.5 | 8.9 | 8.0 | 7.0 | 8.0 | 6.0 | 5.13 | 12.0 |
| **Payroll Tax (%)** | 1.0–2.0 | nil | nil | nil | 4.26 | 0.98–1.95 | 0–2.25 | nil | nil | nil | 2.925–4.06 |
| **Health Care Premium** | nil | nil | nil | nil | nil | nil | nil | nil | $408–$816 | $432–$864 | nil |

Prepared by Fiscal Policy Division, Nova Scotia Department of Finance

**Figure 6**
Program Spending per Person, 1999




Source: Statistics Canada

The Nova Scotia government must continue to gain new efficiencies in the delivery of services to the public, but the real path to eliminating deficits is through economic growth and revenue generation. It is how other jurisdictions have managed to control their deficits.

## INDUSTRY STRUCTURE

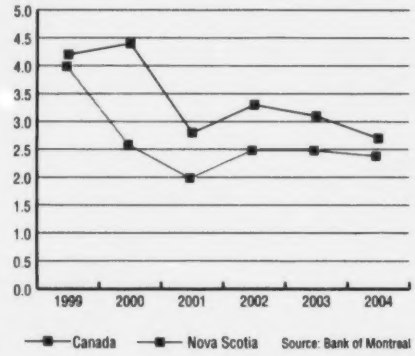
Nova Scotia's industry structure continues to evolve. We are more dependent on service industries than the national average—76 per cent versus 66 per cent of GDP. Growth has come from important service sectors such as finance, insurance, and real estate, which grew by about 12 per cent from 1994 to 1998. The tourism-related sectors of retail trade and accommodations, food, and beverage grew by about 19 per cent over the same period. But overall service-sector growth was held back by a 12 per cent decline in GDP related to public administration and government.

The high-wage manufacturing sector grew by a healthy 22 per cent over the same four years, an indication that Nova Scotia processors are adding considerably more value to resources.

Although Nova Scotia had among the best rates of job growth in Canada in the late 1990s, it has occurred at the same time as some shocking reversals in income growth. The average incomes of Nova Scotians have declined in recent years, even as those in most of the other provinces have increased. Our employment growth has been in sectors and industries with too many low-wage, part-time jobs.

Economic forecasts from a variety of organizations are positive for Nova Scotia, but most expect the province to lag behind the national average in GDP and employment growth over the medium term. However, the future is not carved in stone. Nova Scotia's future is very much what we make of it. *(Figure 7, Percentage Growth in Real GDP, 1999–2004)*

**Figure 7**
Percentage Growth in Real GDP, 1999–2004




Source: Bank of Montreal

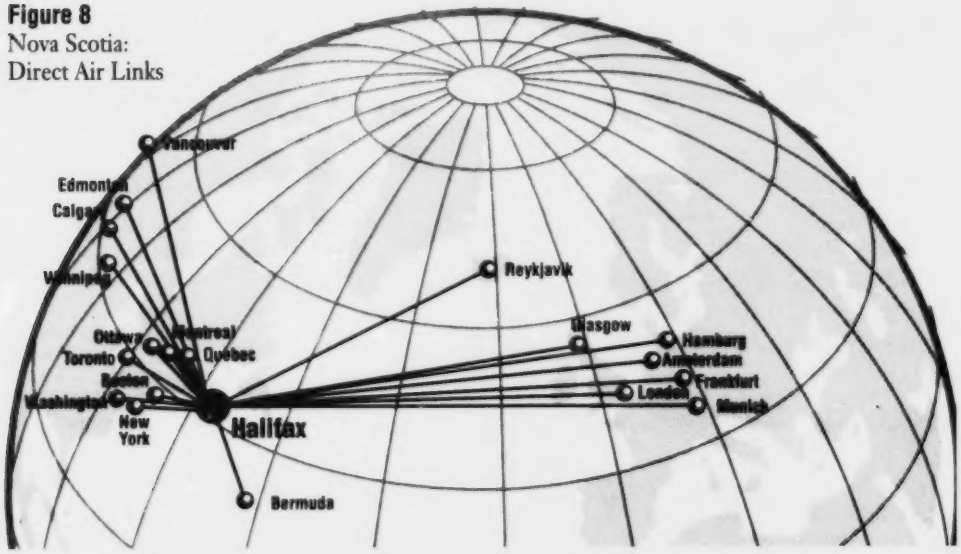
## NATURAL ADVANTAGES: OLD AND NEW

While Nova Scotia continues to rely more on domestic markets than most provinces, businesses have begun to tap into our obvious geographic advantages. Nova Scotia is closer to Boston than to Montreal, closer to New York than Toronto. Our businesses are making inroads in the northeastern U.S. markets. Good air access is shrinking distances. Halifax International is one of Canada's fastest-growing airports. Nova Scotia's world-class ports have become major players in international shipping. Single-carrier rail access now stretches from Halifax to the West and Gulf coasts. *(Figure 8, Nova Scotia: Direct Air Links)*

Nova Scotia's offshore hydrocarbon potential represents the most significant industrial opportunity in our recent history. The potential exists for well over 20 trillion cubic feet of gas reserves distributed among the Scotian Shelf and the Laurentian, Sydney, and Magdalen offshore sub-basins. By mid-2000, there were 42 exploration parcels in the offshore with expenditure commitments of more than $840 million over the next five years. Eight more parcels are expected to be awarded before year-end. The 25-year Sable Offshore Energy Project, one of the largest new natural gas developments in North America, has established reserves of 3.5 trillion cubic feet. A new natural gas distribution system will spread the benefits of the resource across Nova Scotia.

Nova Scotians face a bright economic future in the century ahead. However, that future is not ours by right. It is, instead, ours by reward—*if* we deal head on with the challenges facing us today, and *if* we strategically take advantage of the economic opportunities before us. We must do so if Nova Scotians are to have a future with numerous opportunities for prosperity.

**Figure 8**
Nova Scotia:
Direct Air Links



# Where We Want To Go

*Our vision is of a thriving Nova Scotia that by 2010 is the best place in Canada to live, work, do business and raise families.*

At the very heart of this document is a vision of a vibrant, energetic Nova Scotia shaped by a confident, outward-looking people. It is a vision of an economically bold place that offers abundant opportunities for prosperity to all who choose to call this province home. That it is able to do so is testament to the enterprising attitude and creative spirit of a people determined that their skills and knowledge will not only meet the challenges of a rapidly changing world economy, but will, at times, propel them to the forefront of change.

**In short, our vision is of a thriving Nova Scotia that by 2010 is the best place in Canada to live, work, do business and raise families.**

How will we know we have arrived at this place? We will know when balanced budgets are annual habits; when our debt is manageable and considerably fewer of our hard-earned dollars are needed to pay debt interest; when employment levels are the highest in memory; when investment, exports, and GDP growth levels are above the national average. We will know when fewer of our young people leave, and when others arrive, because the career opportunities are here in Nova Scotia.

We will know we have arrived when our economic activity, carried out in a socially and environmentally sustainable manner, generates the necessary public revenues to maintain the strong health, education, and social systems that Nova Scotians expect.

Achieving this broad vision depends on many constituents doing their part to ensure arrival at this new place, among them:

- **government**, which will achieve a nimble, efficient approach to the delivery of services. It will provide leadership and partnership in broadening the province's competitive business advantage and making Nova Scotia the most attractive place to do business in Canada. It will encourage sound economic activity wherever it can occur. It will ensure that increased revenues from an expanded economy benefit the health, education, and social systems and, by extension, the people it serves.

- **the private sector**, which will work with government to identify barriers to economic growth and, by turn, solutions. It will continue to strengthen its competitive edge and welcome the global economy as a source of ideas, opportunities, and significant growth. It will recognize its place as a responsible member of the Nova Scotia community and contribute to the nurturing of this community.

- **Nova Scotians**, who will adopt lifelong learning as a welcome requisite of a knowledge economy. They will abandon parochial attitudes best suited to another century. They will emerge as citizens of the world, determined to claim their share of global prosperity. And all the while, they will hold fast those best values that set us apart as Nova Scotians.

We must have achieved much of the preceding if Nova Scotia is to reach that new place of economic prosperity by 2010. The growth strategy outlined in this document is government's plan to fulfil its role and encourage others to do their part. It is a strategy that envisions a complex and challenging future, but it is also a strategy that allows us to move into that future with sureness of direction and clarity of purpose.

# How We Will Get There

*To achieve prosperity, we must adopt an approach that is more market focused and externally driven. Smooth-working partnerships are fundamental to progress.*

To move toward our destination, we must take co-ordinated action in seven strategic directions. These directions will be the tools to build vital economic sectors—both our foundation industries and new growth opportunities. The province will provide leadership in certain situations and partnership in others, whichever is most appropriate.

### Strategic Directions

To achieve prosperity, we must adopt an approach that is more market focused and externally driven. We must:

- improve the *business climate*
- put in place and maintain the strategic *infrastructure* to support economic growth
- promote *innovation*: adopt and commercialize new products and technologies
- develop a *labour force* with the skills and education to take advantage of our new opportunities
- attract more *investment*, both local and external
- aggressively promote *exports* from the province
- strengthen *regional capacity* to advance economic development

### Vital Economic Sectors

To build a robust Nova Scotian economy, we will sustain and expand our **foundation industries**, those based on our *ocean resources*, our *land resources*, *agriculture*, and *tourism and culture*. We will also focus work on exciting **growth opportunities** in:

- *the digital economy*
- *energy*: gas and oil
- *advanced manufacturing*
- *learning industry*: education and knowledge services
- *life sciences*

All provincial government departments have a responsibility to contribute to and maintain the economic health of Nova Scotia. Organizations within a new provincial economic development structure will co-ordinate implementation of the strategic directions, but other departments will be responsible for providing the leadership in their areas. Smooth-working partnerships are fundamental to progress. We all have a role to play in making it happen.

# STRATEGIC DIRECTIONS

## Business Climate

*Make it easier for business to start and grow, creating income and jobs*

During the consultations, we heard too many stories about how difficult it is to run a business in Nova Scotia. Our competitors, at home and abroad, are working to make it more attractive to do business in their jurisdictions. Nova Scotia must not only keep pace but seek to lead.

| Issue | Actions/Next Steps |
|---|---|
| Deficit and debt | Balance the budget by 2002–03 to begin to reduce the debt while maintaining key government services |
| Taxes | Produce the most attractive business tax structure in the region by 2005; examine the tax system to identify opportunities to support private sector-driven economic development |
| Regulations | Improve and streamline regulation by implementing the recommendations of the Red Tape Reduction Task Force; institute an "economic audit" process to help understand the impact of proposed or amended regulations on the economic development process |
| Entrepreneurship | Continue to strengthen the entrepreneurial culture through a partnership of government, business, education, community, and the media |
| Aboriginal and treaty rights | Continue to work with Nova Scotia Mi'kmaq and the federal government to resolve key outstanding issues and ease uncertainty |

**Measuring Progress**—Government will develop an annual state of business report, including a business climate index to compare Nova Scotia's performance against other jurisdictions.

## Infrastructure

*Put in place the strategic infrastructure for economic development*

We have a significant "infrastructure deficit." We know regions that fail to invest in basic infrastructure can expect substandard economic growth. Careful assessment of priorities will allow us to maximize improvements over the next 10 years. The fundamental task will be to set overall provincial infrastructure priorities: roads, ports, airports, digital networks, and municipal infrastructure. This will require new initiatives in both interdepartmental and intergovernmental co-operation.

| **Issue** | **Actions/Next Steps** |
|---|---|
| Transport | Pursue the initiatives outlined in the multi-modal transportation strategy prepared through Voluntary Planning in 1999 |
| • Highways | Develop a 10-year plan for rehabilitating and upgrading highways |
| • Ports | Begin by identifying and taking advantage of opportunities to develop the ports of Halifax, the Strait, and Sydney |
| • Harbours | Establish provincial priorities for maintaining strategic harbours |
| • Airports | Begin by identifying and taking advantage of opportunities to develop Halifax International Airport's status as the regional hub, and Yarmouth and Sydney airports as key assets for economic development |
| Municipal infrastructure | Implement the Infrastructure Canada-Nova Scotia partnership agreement with the federal and municipal governments, with the priority being water and sewage treatment facilities |
| IT and communications | Building on the work of the Information Economy Initiative and other provincial/federal collaborations, use government leverage to ensure Nova Scotians have digital connections second to none by 2003 |
| Social infrastructure | Ensure health, education, and social services are provided in a manner that enhances economic development and the overall well-being of Nova Scotians |
| Environment | Recognize the natural environment as an asset, and preserve and protect it faithfully; embrace sustainability as a foundation for long-term growth |

**Measuring Progress**—Government will monitor these issues on an annual provincial infrastructure scorecard.

## Innovation

*Strengthen the innovation system in Nova Scotia*

Innovation in all our industries is the key to expansion and growth of the economy. Our universities and research institutions provide a potential advantage, but innovation means much more than research. It is also about increased *commercialization* of new ideas and processes.

In a small economy like Nova Scotia's, the quick adoption of new technology and good design practices is as important as research and inventions; it leads to many innovative products and processes. We must mobilize government, the private sector, and our academic institutions, including the Nova Scotia Community College, to create a culture of innovation and design. The Premier's Council on Technology and Innovation will lead in this effort. We also need to build on such initiatives as those carried out by In*NOVA*corp aimed at commercializing more of our research. These activities together make up our innovation system, and international evidence shows the best strategy is to assure that the whole innovation system is working, not just fragments of it.

| Issues | Actions/Next Steps |
|---|---|
| Federal investment | Work with federal initiatives involving research, related infrastructure, and other innovation |
| Technology adoption | Encourage businesses to make timely investments in the use of new technologies and design to improve performance and lead to new products and processes, and to adopt best practices |
| R&D | Establish a strategy to identify and increase research and development among businesses and in other areas such as environmental sustainability |
| Commercialization | Establish a direct link between business need and support for academic research |
| Demonstration projects | Support pilot and demonstration projects in environmental and other large-scale technologies to help commercialize the technologies; expand the reach of Smart Community projects |

**Measuring Progress**—Provincial economic development organizations will monitor and report on progress and obstacles in these areas.

## Labour Force

*Ensure the labour force is able to take advantage of opportunities*

Our strength is our people. "Human capital," our collection of skills and training, is as important as our financial or infrastructure capital. In a knowledge-based economy, human capital is key to Nova Scotia's competitive advantage. We have a well-trained work force, but many Nova Scotians still lack the skills that will be required in the future. At the same time, many Nova Scotia businesses have difficulty finding qualified workers. These are the two sides of the labour force challenge, finding a balance between the demand for labour by Nova Scotia companies and the supply generated by institutions. The Nova Scotia Community College is a key institution for this strategy's focus on demand/business-driven initiatives. Provincial economic development organizations will work with the Department of Education and the Nova Scotia community college system to respond to business and citizen needs in training and lifelong learning. Success will see more Nova Scotians in full-time, high-paying sustainable work.

| **Issue** | **Actions/Next Steps** |
|---|---|
| Matching employment opportunities and training | Better match business needs with training programs; encourage business, labour, and educational institutions to plan jointly to ensure that an adequate supply of appropriately trained workers is available for key industries; provide information on workplace trends, skill requirements, and training opportunities to assist in matching workers to jobs; maintain labour force information for potential investors; develop an innovative "just-in-time" business training and skills assessment program |
| Youth | Launch *Opportunity Knocks*, a youth employment and development strategy, which focuses on education, experience, and information, to help deal with "brain drain" and other youth employment concerns |
| Immigration | Finalize an agreement with the federal government to ensure Nova Scotia is able to benefit from a strong immigration policy that includes ways to attract entrepreneurs and skilled businesspeople |
| Barriers/inclusion | Identify and work to remove skills and training barriers, especially low levels of literacy, that prevent people from finding jobs; identify barriers that impede participation in economic development by women, Aboriginal people, visible minorities, and people with disabilities, and aggressively tackle those where government has influence |
| Employers | Support efforts to increase the skills of business owners and managers |

**Measuring Progress**—Provincial economic development organizations will work with lead departments to advance improved co-operation among labour market partners, including the private sector, educational institutions, and community organizations.

***Education.*** As the developer of human capital, education is an engine for economic growth and social development. It assists business and industry in achieving their goals. It is the means by which people can take advantage of economic opportunities, enabling them to increase their income, self-sufficiency and social development. Education, skills and training of Nova Scotians are key to the province's competitive advantage.

Our public education system needs to be strongly supported—160,000 young people depend on it. We know that high school completion is the foundation for a lifetime of learning, and we are moving forward with initiatives to strengthen that foundation. Ensuring that our population is literate and ready for labour market challenges is critical to economic growth and prosperity. We will work to ensure that our young people have the necessary literacy skills to make successful transitions from school to work, and we will develop intervention strategies where needed. In addition, government will undertake an initiative that will allow adults to earn their high school diploma in a flexible manner, thereby enabling them to gain the skills required for success in the labour market.

Our post-secondary systems are strong and growing. The Nova Scotia Community College and Collège de l'Acadie are working to meet the needs of business and help to ensure the competitiveness of the province. Nova Scotia has a well-developed and highly regarded university system serving Nova Scotia students, and students from across Canada and around the world. Our universities are lead players in research. We must strengthen the link between business need and support for academic research. The university system must be strongly supported if we are to prosper as a knowledge-based economy.

Through the public school system, colleges, and universities, the Department of Education will ensure that Nova Scotians have access to a first-class education system. A strategy to support learning across the lifespan will be developed to foster continuous learning and skill development in formal and informal settings. Forums will address ways to meet existing and future skills requirements. Those ways include large-scale development initiatives, apprenticeships, distance learning, and training as a business recruitment tool. Goals will include working with learning partners to ensure development of a highly skilled and adaptable workforce. Efforts will acknowledge that economic growth requires both education and opportunities. Education without opportunities will only accelerate the brain drain.

## Investment

*Increase investment, both local and external*

Meeting our needs for better education and health care, while continuing to reduce our deficit, means we must grow our economy. To do so, Nova Scotia must attract new business into the province, and retain and expand existing companies. Expanding the economy requires greater investment by firms that are focused on export markets.

| Issue | Actions/Next Steps |
|---|---|
| Public education | Raise the level of public debate and understanding about the need for investment, government's role in encouraging investment, and how Nova Scotia compares with other jurisdictions in this area |
| Investment framework | Implement an accountable and transparent approach to investment that includes efforts to attract anchor companies, use of lending and financial incentives, reduced business taxes, and specialized training programs; analyse and advise on the most effective government role in helping equity capital formation |
| Cluster development | Work with key partners to create industry clusters; attract and recruit anchor companies |
| Marketing Nova Scotia | Make an aggressive case for investment in Nova Scotia by marketing our unique strengths and opportunities directly to potential investors, at home and outside Nova Scotia |
| Federal/provincial co-operation | Partner with other governments to attract outside investment and develop synchronized activities |
| Internal investment | Make it easier for Nova Scotians to invest at home through such programs as Community Economic Development Investment Funds and community bonds |
| Business retention and expansion | Identify and remove obstacles to business growth through a focused business retention and expansion strategy, which will cover information, capital sources, incentives, business costs, and human resources issues |

**Measuring Progress**—Provincial economic development organizations will report regularly on the successes and challenges of our investment attraction program.

## Exports

*Actively encourage Nova Scotian exports*

Expanding Nova Scotia's economy, and bringing more money into the province, demands that we sell more goods and services outside the province. We need to add value to our products and natural resources wherever we can. We need to help potential and current exporters to identify more opportunities for export. And we need to aggressively support continuing efforts to reduce trade barriers.

| Issue | Actions/Next Steps |
|---|---|
| Export promotion | Launch Nova Scotia trade plan, which includes bold targets for trade expansion |
| Trade missions | Work with small and medium-sized companies to identify sales opportunities in key markets |
| Broadened trade focus | Work with partners to expand export activity across Nova Scotia |
| Market intelligence | Identify opportunities for trade diversification and opportunities in new markets |
| Key sectors | Focus on expanding the export base of key sectors identified in the growth strategy |
| Export readiness | Work with partners to prepare more businesses and first-time exporters to successfully engage in international trade |
| Brand Nova Scotia | Mount an initiative to highlight Nova Scotian product availability and desirability (based on quality, price, and delivery); explore the potential for a Nova Scotia brand, based on generic product features such as quality, to assist in marketing our products at home and abroad |

**Measuring Progress**—Provincial economic development organizations will track the export of Nova Scotian goods and services and report regularly on progress. They will also track the number of firms that export.

## Regional Capacity

*Support regions as they take charge of their own futures*

The province will encourage and reward community initiative. It will support regional efforts based on community assets and strengths. It will do so in the context of this strategy and in collaboration with the other governments and regional or community-based development agencies. Considerable work has been done in the past few years on many of these issues, especially inclusion. The challenge is to implement the recommendations that have been made and to include those citizens who have historically been excluded in the implementation phase.

| Issue | Actions/Next Steps |
|---|---|
| Policy framework | Build comprehensive community economic development policy based on recent experience and supported by all levels of government |
| Planning | Prepare regional strategies linked to the economic growth strategy and work to ensure that governments understand their roles in supporting and linking those efforts |
| Opportunity identification | Assist regions to identify and assess new business development opportunities |
| Community capacity | Use community economic development action teams to work with communities, especially those under stress; the work will be in co-operation with municipalities and regional development agencies |
| Regional development agencies | Continue decision-making transfers from government to broadly representative regional development agencies and support their work |
| Communities of interest | Identify and tackle where possible those barriers that impede participation in economic development by communities with shared concerns, such as people with disabilities and visible minorities; work diligently through existing mechanisms to address the challenges facing Nova Scotia Mi'kmaq |

**Measuring Progress**—Government will build on the community economic development foundation laid over the past years and monitor progress, looking for healthier economic communities as a result. We will pay particular attention to employment growth in each region.

***Cape Breton.*** The island of Cape Breton comprises several economies, each with significant development issues and opportunities. The Strait area has benefitted in recent years from industrial investment, primarily in Stora Enso's expansion, and it has considerable prospects for more growth in areas linked to development of the offshore energy sector. In parts of rural Cape Breton, the economic challenges are similar to those faced by other rural areas of Nova Scotia. Work in the strategic directions outlined in this document will go a long way toward addressing many of these challenges and maximizing the opportunities in these areas.

An important "regional" question is what will happen to those communities that once depended on coal and steel: the communities of Cape Breton Regional Municipality. Some argue that the municipality is simply undergoing the readjustment that many other Nova Scotian communities have faced and does not require special consideration. They say: let the initiatives mapped out in this strategy take their course in Cape Breton Regional Municipality. Others say that neither the federal nor the provincial government has been able to "solve" the communities' problems.

The provincial government rejects those arguments. The situation in Cape Breton Regional Municipality is fundamentally different in size and scope from the challenges that other regions and communities have faced, not only in Nova Scotia but elsewhere in Canada. The people of the municipality will lead the way in speeding up the transition to a new economy, using government and business support as required. The communities want to lead, as they have ably demonstrated in many cases. It is important that the government of Nova Scotia stands ready to work with communities if they deem it necessary.

Over the years, we have learned lessons about what does not work. With that knowledge, we now seek new ways to encourage economic growth. The area holds new potential for opportunities for prosperity, including in knowledge-based industries. The Cape Breton Growth Fund will emerge as a catalyst for fresh approaches and produce the first of many steps toward making the most of the opportunities ahead for Cape Bretoners. The growth fund must evolve, with Cape Breton's input, as a development model in which governments take on a new role of facilitating and supporting communities to solve their own challenges.

Co-ordinated action in these seven strategic areas is crucial if we are to make the best of Nova Scotia's economic potential. When appropriate, government will lead in some areas; at other times, it will be a partner. The strategic directions will affect all sectors that contribute to and help build Nova Scotia's economy, but to focus our efforts, they will have particular implications for the vital economic sectors outlined in the next section.

# Vital Economic Sectors

## Foundation Industries

While much publicity has been focused on the dramatic reductions in the size of our coal and steel industries and the disappearance of the groundfish, many of our foundation industries continue to grow and innovate. They remain crucial to the future of our economy. Each will benefit from the work in the strategic areas, while offering lessons for other, newer sectors and opportunities for continued growth.

***Ocean resources.*** The continuing evolution of Nova Scotia from a harvester of a natural resource to a producer of value-added seafood products will be the focus of this sector. Fishing and fish products remain Nova Scotia's leading category of exports, valued at $900 million of the industry's total market value of more than $1 billion. Opportunities for development exist in both the primary sector and secondary industries of the ocean resources cluster. Commercial fishing, aquaculture, sport fishing, and boat building all have solid growth potential. Nutraceuticals and pharmaceuticals from seafood products also have significant potential. The ocean cluster faces many of the same challenges as other industries, such as the availability of appropriately trained workers and access to capital, but it also faces some unique challenges. A Nova Scotian way needs to be found to enable fishing and offshore gas and oil industries to coexist, as they do in the North Sea. Collaboration with the federal government is required to deal with harbour infrastructure and regulatory issues.

***Land resources.*** Our land-based natural resources, including forests, minerals, and wildlife, have been the foundation of the economy for generations. These sectors provide about 10,000 direct well-paid jobs and $1.5 billion in annual sales; they account for about one-third of the province's exports. Resource-based industries and businesses will continue to provide considerable economic value, especially in rural areas. Major challenges facing these sectors are the need to manage resources to ensure sustainability and to meet increasingly stringent environmental standards in export markets. Pressures on the land base are increasing for both consumptive and protection-oriented uses such as resource extraction, hunting and other outdoor recreation, wildlife and habitat, ecotourism, and conservation of natural areas. The appropriate balance can provide both economic and quality-of-life advantages to Nova Scotians. These sectors should also continue efforts to add more value to resources to provide greater economic benefits. To remain competitive and to meet increasingly stringent environmental requirements, the resource industries will have to continue to adopt new technologies, which in turn will have training implications for those employed in these sectors.

***Agriculture.*** Agriculture is a solid foundation of the province's rural economy, where it is a major employer. It is increasingly a highly diversified science and technology-based industry. The value of processed and unprocessed products is almost $1 billion a year; annual exports to 75 countries now total some $126 million. The sector faces many issues, including in the areas of land use, water quality and quantity, lending and investment, and education and training to keep abreast of a knowledge-intensive global business. Opportunities in agriculture are many: stronger links to the life sciences sector and tourism; growing market for organic and natural foods; further participation in the development of environmental technologies; and increasing exports.

***Tourism and culture.*** Nova Scotia's tourism and culture sectors have established a strong presence in the provincial economy, contributing to economic growth and quality of life. There is tremendous potential to build on this success and the emerging opportunities of these industries to stimulate growth in all regions. Tourism revenues reached $1.256 billion in 1999, with employment growing to 36,300 direct and indirect jobs. Strong partnerships between government and the tourism industry have resulted in a collaborative approach to focusing efforts and resources on priorities. Development of a new sector strategy by the Tourism Partnership Council is evidence of the focus and commitment of all stakeholders to achieve growth in this industry. We are well positioned to take advantage of strategic opportunities to enhance the competitiveness of Nova Scotia as a world-class destination. Opportunities include developing touring and niche markets, building a year-round season, increasing yield from core markets, improving transportation access, strengthening product quality, and improving the business environment. Issues affecting growth include global competition, capacity issues concerning seasonality, and air access into Nova Scotia. Other pressures include fuel prices, exchange rates, and demographic trends.

The business of culture has emerged as one of the fastest-growing sectors in Nova Scotia. The value of the sector is estimated to be $808 million, creating more than 29,000 direct and indirect jobs. Growth has been fuelled by a mature cultural infrastructure, world-class products, an increase in the number of professional artists and cultural workers, and strategic links with the education and tourism sectors. The development of communities across Nova Scotia has been bolstered by the growth of cultural businesses and institutions. Culture has enhanced quality of life, contributing to a positive environment to attract business, and assisted with promoting Nova Scotia and its products internationally. Today, new industries and technologies are facilitating the sector's expansion. Traditional sub-sectors of the arts and heritage have been joined by film, television, sound recording, new media, and Internet content production. Opportunities exist to build on these areas to position Nova Scotia as a source of highly competitive cultural products. Direction for the development and promotion of culture will be guided by the Nova Scotia Culture Sector Strategy.

Each of the seven strategic directions outlined in the previous section can strengthen development of these foundation industries as they seek to more fully tap into their potential and address the challenges ahead. Similarly, these foundation industries can benefit from expansion of the five areas identified as growth opportunities in the next section.

## Growth Opportunities

The identification of new resources, the application of new technologies, a reassessment of our economic assets, and changes in the world economy offer exciting opportunities to Nova Scotians. Five areas in particular hold considerable potential for contributing to the economy and will require special attention: the digital economy, the energy sector, advanced manufacturing, the learning industry, and the life sciences sector.

***The digital economy***. The fast-growing and important information and communications technology sector is often loosely referred to as the digital economy. It can be defined as consisting of business activities that involve both the creation and adoption of digital technologies. This includes digital technology developers (software developers, new media, hardware manufacturers), professional business services in e-commerce, and cross-sectoral adoption of digital technologies. It also can include a range of such firms as customer-service operations and other companies important to the future of the Nova Scotia economy. This sector is vital for two reasons. First, the digital economy sector is an enabling sector for all Nova Scotian business. Our companies need to operate in a digital economy, and they need access to e-commerce and other tools to compete globally. Second, the creation of digital economy products is a high-paying, full-time, and fast-growing sector. Nova Scotia needs to develop critical mass in this sector, or it risks falling behind.

| Issue | Actions/Next Steps |
|---|---|
| Provincial strategy | Develop a co-ordinated information technology strategy to clarify government's role and to provide support to private-sector initiatives; develop an e-commerce strategy to identify government's priorities, especially preparation of the necessary legal framework to encourage e-commerce; provide leadership and vision within government on digital economy issues |
| Cluster development | Stimulate development of an information and communications technology cluster by working with the private sector to improve the business climate, attraction of anchor companies, partnerships between businesses, universities and colleges, funding partnerships, and access to capital; support these initiatives through small and medium-sized enterprise development, labour market initiatives, and improved IT infrastructure |
| Wider use | Work with the private sector to extend broadband capability; work with small business to increase use of e-commerce techniques; examine best practices aimed at using the tax system to broaden the use of technology |
| Model user | Use the power of government as a user of technology to assist in building the industry; make Nova Scotia a leader in Industry Canada's connectivity agenda |
| Smart Communities | Build on the success of the Western Valley in Industry Canada's Smart Communities competition and work to expand activities into other areas |

***Energy.*** The year 1999 marked the start of natural gas production from the Sable Offshore Energy Project, one of the most pivotal industrial developments in the history of the province. Already, the promise of another offshore project may bring PanCanadian's Panuke natural gas to shore within five years, and companies are undertaking and planning considerable offshore exploration. Growth in the gas and oil sector offers significant fiscal and economic opportunity in such areas as royalties, more competitively priced fuels, feedstocks for petrochemical development, and employment in development, fabrication, operations, and supply. And similar to the digital technology sector, gas and oil is an enabling sector for business.

To reap full benefits of this vast natural resource, Nova Scotia has to also take advantage of new value-added export possibilities. The Nova Scotia Petroleum Directorate and Economic Development are actively pursuing gas-related industrial opportunities and working to maximize benefits from all aspects of this industry.

| **Issue** | **Actions/Next Steps** |
|---|---|
| Overall strategy | Prepare a gas and oil economic development strategy to ensure that Nova Scotia gains maximum benefits from the industry and that the growth of the industry is sensitive to other interests, especially the fishery; work toward an early resolution of the Laurentian Sub-basin boundary dispute |
| Economic development | Promote the Guysborough bypass option to attract relevant industries; work to encourage development of a petrochemical industry; work with Ottawa and Newfoundland to encourage offshore fabrication on the East Coast; identify partnership opportunities to strengthen local industry capabilities and technology transfer; support industry initiatives to maintain a competitive Canadian fiscal climate to achieve more Nova Scotia content in projects; promote offshore resource potential to encourage more exploration; protect Nova Scotia's economic interest through active intervention in all regulatory processes |
| Training | Work with the industry and training institutions, including the Nova Scotia Community College, to create an inventory of skilled labour and identify shortages; develop new programs and expand existing ones in areas of skill shortages; support initiatives to upgrade training and certification to meet manufacturing requirements; identify R&D opportunities for support by Ottawa and the industry |

***Advanced manufacturing.*** Nova Scotia's manufacturing sector employs about 45,000 people directly. The sector accounts for most of the province's exports, $1.7 billion in GDP, and $7.7 billion in sales. In addition, wages are high—$668 a week on average in 1999—and employment is usually full time. The sector pays about $1.6 billion in wages and salaries in the average year. It generates more spinoff employment and activity than any other sector of the economy.

The sector's high wages and significant spinoff benefits mean manufacturing investment is prized in most jurisdictions. Many areas, particularly those in the United States, use a variety of business incentives to lure new manufacturing investment. For this reason, we need to preserve and protect the manufacturing industry we now have in Nova Scotia. We also have to work with our resource industries to add value to products before they are exported and to ensure that our industries benefit from major Canadian projects and procurement. And we have to work to attract new foreign investment to Nova Scotia.

| **Issue** | **Actions/Next Steps** |
|---|---|
| New investment | Use the new investment framework to actively pursue expansion of existing operations and the addition of new manufacturers whose needs fit with our strengths |
| Value added | Aggressively explore opportunities to add more value to both natural resource-based production and to goods already manufactured in Nova Scotia |
| Industrial benefits | Work with sectors to ensure a share of major projects; for example, the aerospace sector's participation in the new Maritime Helicopter Program |
| Environmental industries | Use the lessons learned in dealing with water and solid waste issues as a springboard for the export of goods and services; use the cleanup efforts of the Sydney tar ponds and Halifax harbour to help develop expertise that can be exported |

***Learning industry.*** Nova Scotia has a strong tradition of higher education, especially at the university level. In recent years, the universities have worked together to jointly export expertise and recruit international students. In addition to the universities, the Nova Scotia Community College and Collège de l'Acadie have tremendous export potential. The private sector is a major player now too. Our strong overall post-secondary education capacity is both an asset and an exportable resource. A top priority of our institutions is to prepare Nova Scotians to take their places in our own economy. As well, through the attraction of students from elsewhere and the export of expertise to other places, education and training services can be a major export industry. The provincial government must work to link companies, private trainers, universities, colleges, and schools to develop Nova Scotian education and training as an export commodity and to promote the province as a place to obtain a quality education.

| Issue | Actions/Next Steps |
|---|---|
| Co-ordination | Create a learning industry consortium to advise government on expansion of the sector |
| The digital learning economy | Work with Nova Scotian suppliers to identify and secure a place in this growing sector, particularly in Internet-based education |
| Export development | Strengthen existing joint marketing efforts of Nova Scotian education and training institutions outside the province |
| Financing | Work with institutions to access funding from federal and international sources |

***Life sciences:*** Globally, the life sciences market is estimated at $500 billion annually and growing at a rate of 20 per cent a year. Nova Scotia's firms currently generate gross annual revenues of more than $50 million in pharmaceuticals, nutraceuticals, biotechnology, medical devices, food and agriculture services, and many other areas. However, few of these firms are exporters.

Our university and research institutional base affords this small knowledge-based sector considerable potential for development and significant long-term benefits for the provincial economy. A solid life sciences infrastructure to assist industry development exists in the province's 11 universities, a world-class research organization in the Bedford Institute of Oceanography, Atlantic Canada's main tertiary care health facilities, its largest teaching hospital, and substantial health science research and teaching capability at Dalhousie University. In addition, the federal government is favourably disposed to placing the hub of a genomics centre of excellence in Nova Scotia.

| Issue | Actions/Next Steps |
|---|---|
| Seed financing | Examine the feasibility of a sector-focused investment fund, recognizing the unique challenges of early-stage financing of life science companies |
| Human resource challenges | Work with the sector to attract experienced managers and trained technical personnel in specialized fields; salaries, recruitment, and retention are issues to be examined; encourage links with universities to ensure learning opportunities in the field |
| Commercialization of research and innovation | Establish a strategy to encourage business alliances with researchers and measure successes |
| Strategic partnerships | Assist in development of a "matching service" for companies to search for partners in areas critical to their growth |
| Cluster development | Work to attract anchor companies and build a cluster in this sector |

The government will work with sector leaders and data collectors to obtain a fuller picture of each sector's current strengths. From this, it will be better equipped to chart progress and growth in the years ahead. Some work already begun can be found on the Internet at **www.gov.ns.ca/ecor/strategy/** .

Woven throughout the outlines presented in the Vital Economic Sectors section are issues that appear in the Strategic Directions section. Ideally, the sectors and directions should be viewed as an organic whole, with each component having the potential to affect many other components of the system.

# MAKING IT HAPPEN

*The organizing principles for the new structure will be to create smaller, more efficient operations within a strong accountability framework.*

To help an economy grow, the public and the private sectors have distinct roles to fulfil. There is, of course, also an important role for the "third sector," the citizen and community groups that undertake so many of the tasks that make our society a better place.

In the recent past, government took on some economic development tasks better left to the private sector, and perhaps, it neglected some of the work that government should do. The messages government received during the consultations and the lessons learned from other jurisdictions clearly indicated that things must be done differently. Government must work more closely with the private sector if we are to achieve sustained economic growth. Government must develop partnerships between provincial departments and with communities and other governments. Government must make a definitive break from old structures and take a fresh approach to supporting economic activity in Nova Scotia.

The actions and next steps outlined in the previous sections on strategic directions and vital economic sectors require an efficient framework if they are to have any impact. That framework must have clearly defined mechanisms that consistently support the thinking and work behind the elements of this strategy. To achieve this, the government will put in place a two-pronged structure: one focused on "business" activities, the other on "government" activities. The current department of Nova Scotia Economic Development will be replaced by two organizations:

- Nova Scotia Business Inc., a corporation with a private-sector board made up mainly of business leaders from across the province chosen for their skill, acumen, and leadership
- Nova Scotia Economic Development Agency, a new government body with a strong policy and co-ordination role and a focus on excellence

The organizing principles for the new structure will be to create smaller, more efficient operations within a strong accountability framework that has focused mandates and clear outcome measures to benchmark progress.

## Nova Scotia Business Inc.

The mandate of Nova Scotia Business Inc. will be to stimulate economic development opportunities and maintain a strong presence throughout Nova Scotia. The private sector-led corporation will manage and co-ordinate the province's front-line business development functions. It will attend to the economic sectors listed in this document as the five key growth opportunities: the digital economy, energy, advanced manufacturing, the learning industry, and the life sciences sector.

Core business lines of the corporation will be consistent with approaches identified in the growth strategy consultation and will include investment attraction and business retention and expansion. This work will involve such tools and initiatives as trade development; marketing and information management; competitive intelligence and information development; and lending, venture capital, and performance-based incentives that do not hinder business competitiveness.

Nova Scotia Business Inc. will have a strong focus on accountability. A board of directors will manage the corporation's activities. It will produce a five-year strategic plan and present an annual business plan to government. The board will be made up mostly of representatives from small and large businesses from across Nova Scotia and will have a chairperson from the private sector. Board appointments will be for five years to allow for consistency of approach and will be structured so that board membership is partially changed each year. The board will hire the corporation's chief executive officer.

## Nova Scotia Economic Development Agency

The mandate of the Nova Scotia Economic Development Agency will be to manage government activities in support of economic development. It will be the lead agency for all government support for economic development. It will bring together key units dealing with economic development as outlined in *The Course Ahead.*

Core business functions will be undertaken in close partnership with Nova Scotia Business Inc. and other provincial and federal departments. It is essential that the agency and the corporation operate in a mutually supportive partnership on all issues, with the corporation providing the link to business and the agency maintaining the link to governments.

Core business lines of the agency will include: knowledge management (policy, evaluation, business planning); special projects and liaison with communities in economic transition like Cape Breton Regional Municipality; business climate; changing labour force demands; strategic infrastructure projects; government relations regarding economic development issues; and the maximizing of industrial benefits relating to major procurement projects.

Partnership between the new corporation and the new agency will be important for the growth of the Nova Scotian economy. Other partnerships will also be important. Closer links with the federal government and Nova Scotia's 55 municipal governments are vital. So too is stronger collaboration among the provincial departments that deal with economic development issues. The economic development aspects of the annual business planning process of government must be guided by the strategic directions spelled out in this paper.

The provincial government will work to build links with and among businesses, labour, the regional development authorities, and the many community organizations active in different aspects of support for economic growth.

The government firmly believes the strategic directions outlined in this report point to a more prosperous Nova Scotia, and as the work evolves, its stewardship of and commitment toward this strategy will be demonstrated in annual report cards compiled by an outside agency and made public.

In the meanwhile, government cannot stand still. It will use its own annual planning process to ensure that the thrust of this strategy is reflected in departmental plans. Over the next 12 months, it will develop detailed plans for the actions and next steps outlined. The following timetable will serve as a guide:

**Fall**

Launch of economic growth strategy

Made in Nova Scotia Investment Framework

Start of restructuring of economic development functions

Cape Breton Growth Fund

**Winter**

Gas and oil economic development strategy

Report of the Red Tape Commissioner

Comprehensive community economic development policy

Business climate index

**Spring**

Brand Nova Scotia campaign

Nova Scotia trade plan

Business retention and expansion plan

Provincial infrastructure scorecard

**Summer**

Nova Scotia immigration action plan

State of business report

First annual strategy report card

# Measuring Progress

*Government understands that effective support to economic development is a living, constantly evolving endeavour.*

The progress of economic development work is measured at several levels. It is no different for a provincial strategy.

Whatever is included in a strategy, citizens will judge progress by looking at overall indicators. Our overall objectives are straightforward:

- a balanced budget by 2002–03
- an increase in provincial employment levels by 20,000 by 2005
- investment per person above the national average by 2005
- export expansion by $2 billion, or about 40 per cent, between 1999 and 2005, an aggressive target; and exports per person above the national average by 2010
- provincial GDP growth above the national average over the next 10 years
- consistent net in-migration through to 2010

Balanced budgets, lower debt-servicing costs, and a more active economy will help move us toward the vision stated in this document. The government recognizes that it does not control all elements that determine success in these areas, but it will work toward it.

The government will use an independent outside agency to produce an annual report card on the overall progress of this strategy.

As more detailed plans for the actions and next steps outlined in this document are rolled out, the government will establish targets for each of the activities, targets that will in turn contribute to achieving overall objectives. These targets will supplement government's increasing use of benchmarks.

The release of *Opportunities for Prosperity* marks a new era for economic development in Nova Scotia. Government will support economic growth in new ways over the next few years. It will pay more attention to all aspects of the process, including measurement. It understands that effective support to economic development is a living, constantly evolving endeavour. *Opportunities for Prosperity* is an important start, but it is not the final word. There is more to come.